

Africa's biggest airline fights for 'survival' amid pandemic: CEO

April 22 2020, by Robbie Corey-Boulet



Ethiopian Airlines is fighting to stay in the skies, its CEO tells AFP

In early March, Ethiopian Airlines CEO Tewolde Gebremariam told an aviation conference in Addis Ababa the coronavirus pandemic was "a temporary problem"—comparable to a natural disaster or a spike in oil prices.

Several weeks later Africa's largest carrier is locked in what Tewolde describes as "a struggle that we're performing for survival", ramping up cargo operations while seeking to defer lease payments on aircraft.

"To be honest with you, I had never thought that it would reach this stage," Tewolde told AFP in an interview this week.

"I had never thought that it would spread like this at this speed, and also in this magnitude. It is just too fast and too expansive and it's beyond imagination."

Across Africa, airlines stand to lose \$6 billion in passenger revenue in 2020 compared to last year because of the coronavirus, the International Air Transport Association has predicted.

Ethiopian Airlines, the state-owned jewel of the national economy and a vital source of foreign currency, says it is facing a revenue loss of \$550 million from January to April alone.

"If you put yourself in my shoes, the only way for Ethiopian Airlines is to expand or refocus its resources, energy and time on businesses which are not affected by coronavirus," Tewolde said.

Yet even as the airline moves to assume a central role in Africa's pandemic response—ferrying badly needed medical equipment across the continent—it may last no more than three months before seeking outside financial help, Tewolde said.

"Will we be able to sustain with only 15 percent of our revenue?" he said, referring to the amount typically brought in by cargo.



Ethiopian Airlines CEO Tewelde Gebremariam said it may need to defer lease payments on aircraft

"For a short period of time, yes. But for how long? Very difficult to predict."

Cargo boom

In the early days of the pandemic, Ethiopian Airlines was criticised domestically for refusing to follow competitors like Kenya Airways by suspending flights to China, where the coronavirus originated late last year.

But Tewolde said he would make the same call today, pointing out that Ethiopia's first case of COVID-19—the disease caused by the coronavirus—turned out to be a Japanese man who arrived in the country from Burkina Faso.

The airline's China routes now form the backbone of its cargo operations as countries scramble to get their hands on Chinese-produced personal protective equipment and other goods.

This task is made more challenging by the fact that passenger flights, which can carry cargo in their underbelly, are down so sharply.

"Right now, there is a severe short-term shortage of cargo out of China," said Craig Jenks, head of the New York-based Airline/Aircraft Projects Inc. consultancy.

Long-haul cargo rates are "at least double normal", Jenks added.

At the start of the crisis, Ethiopian Airlines had 12 cargo freighters, and it has since enlisted "10 to 15" passenger jets to build out its fleet, in some cases ripping out seats, Tewolde said.



Ethiopian Airlines helped move masks, testing kits and protective gear donated to African countries by Chinese billionaire and Alibaba co-founder Jack Ma

That capacity falls short of competitors like Emirates and Qatar Airways, but Jenks said cargo could still potentially give Ethiopian as much as 40 percent of its normal revenue.

Crisis response

Ethiopian has simultaneously embraced work unique to the coronavirus era.

Top officials from Washington to Tokyo have praised the airline for

repatriating their nationals—including US Peace Corps volunteers based in 12 countries across the continent.

As the severity of the crisis became clear, Ethiopian executives "reached out to the diplomatic community to offer further cargo services and highlight their ability to offer chartered/special flights," a State Department official said in a statement to AFP.

All told the airline has "supported the transport of over 2,100 US citizens and legal permanent residents" to the tune of around \$4.7 million, the official said.

Ethiopian has also worked with Carnival Cruise Line, which earlier this month hired four charters to repatriate crew members docked in the US state of Louisiana.

The airline expects to be deeply involved in Africa's pandemic response.

On Monday it finished distributing the second batch of masks, testing kits, ventilators and other supplies donated to African countries by Chinese billionaire Jack Ma.



A staff member of the World Food Programme (WFP) checks boxes of personal protective equipment at Ethiopian Airlines' cargo facility Addis Ababa's international airport earlier this month

And last week the United Nations opened an aid transport hub in Addis Ababa that will rely on Ethiopian cargo jets to move supplies and aid workers across the continent.

Tewolde said this represented "a continuation of our leadership in Africa" even during periods of conflict or outbreaks of other diseases like Ebola.

"All kinds of problems that Africa has suffered, we have always stood with Africa," he said.

'Whatever it takes'

With the financial toll of the crisis mounting, Ethiopian is in talks to defer lease payments on aircraft and it may seek deferrals on some payments of \$2 billion in debt, Tewolde said.

The company is determined not to lay off members of its regular workforce, though it could resort to pay cuts depending on how long the crisis lasts, he said.

The current [cargo](#) boom could start fading in June, and passenger traffic could stay suppressed well after countries lift travel restrictions, he said.

Yet Tewolde said Ethiopian remained committed to long-term growth plans including building a new \$5 billion airport outside Addis Ababa.

"We will do whatever it takes to make sure that we survive," he said.

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